

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE DELAWARE ECONOMY

The importance of small business to the state of Delaware is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Delaware had 22,739 businesses with employees; 94.2 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 18,000 self-employed persons in 1996, for an estimated total of 40,739 businesses.

Small Business Income - The income of sole proprietors and partners rose 5.6 percent to \$1.7 billion in 1996, while wage-and-salary income rose 6.7 percent. Total personal income rose 6.5 percent to \$13.7 billion. The state also exported \$4.6 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 20,700 women-owned businesses in Delaware, including part-time firms, employing 82,200 people and generating \$8.7 billion in sales. Between 1987-1996, the number of women-owned businesses increased 95.8 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 47.2 percent from 1987 to 1992, totaling 2,060 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 170.1 percent during the same time period with 497 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 479 in 1987, to 809 in 1992, representing a 68.9 percent increase.

Business Turnover - The number of new firms increased 24.4 percent, while new business incorporations increased 10.0 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 13.7 percent and business failures increased by 8.9 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Delaware increased from 14 in 1994 to 40 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
BANK OF DELMAR NA	Seaford
BENEFICIAL NB	Wilmington
PNC NB	Wilmington
CITIBANK DE	New Castle
MBNA AMERICA BK NA	Wilmington

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 56.8 percent of the small business growth with 20,236 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	14,063	6,173	5,240	10,157	(6,892)	28,741
Manufacturing	472	292	291	1,618	8,485	11,159
Retail Trade	2,828	655	(536)	2,026	(3,772)	1,200
Services	7,524	4,021	2,412	5,230	(5,515)	13,671
Other	3,239	1,204	3,073	1,283	(6,091)	2,711

Industries - The composition of small business in Delaware is very diverse. The Eating & Drinking Places industry is the largest small business employer in Delaware, followed by Health Services. The fastest growing industry for small business is Measuring, Analyzing, Controlling Instruments & Photographic, Medical & Optical Goods, Watc (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Delaware by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	306,856	100.0	46.3
Health Services	8000	30,044	9.8	35.5
Chemicals & Allied Products	2800	25,162	8.2	3.6
Depository Institutions	6000	22,669	7.4	6.8
Business Services	7300	22,284	7.3	43.1
Eating & Drinking Places	5800	21,478	7.0	69.5

Table 2, Top Five Small Business Industries in Delaware by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	142,205	100.0	46.3
Eating & Drinking Places	5800	14,924	7.0	69.5
Health Services	8000	10,653	9.8	35.5
Business Services	7300	9,604	7.3	43.1
Special Trade Contractors	1700	9,431	3.2	96.9
Automotive Dealers & Gasoline Service Stations	5500	6,195	2.2	90.0

Table 3, Fastest Growing Industries for Small Business in Delaware, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	143,578	142,205	(1,373)	(1.0)
Measuring, Analyzing, Controlling Instruments & Photographic, Medical & Optical Goods, Watc	233	418	185	79.4
Depository Institutions	1,022	1,540	518	50.7
Electronic & Electrical Equipment & Components Except Computer	411	595	184	44.8
Chemicals & Allied Products	743	900	157	21.1
Printing, Publishing, & Allied Industries	1,228	1,487	259	21.1

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.